

NZX LIMITED NOTICE OF ANNUAL MEETING OF SHAREHOLDERS



ANNUAL MEETING

Notice is given that the fourteenth Annual Meeting of shareholders of NZX Limited (NZX or the Company) will be held at:

- **Venue:** Level 1, NZX Centre, 11 Cable Street, Wellington
- **Time:** Friday 30 June 2017, commencing at **10.00am**

AGENDA

The agenda for the meeting is as follows:

A. Chairman's introduction and comments

B. Chief Executive's remarks

C. Financial statements

To receive the Annual Report for the 12 months ended 31 December 2016, including the financial statements and the auditor's report.

D. Ordinary Resolutions

To consider, and if thought fit, to pass the following ordinary resolutions.

Resolutions SUPPORTED by the Board (see explanatory notes 1 and 2):

1. That the Board be authorised to determine the auditor's fees and expenses for the 2017 financial year
 2. To elect Frank Aldridge as a Director of NZX Limited
 3. To elect Richard Bodman as a Director of NZX Limited
 4. To re-elect Patrick Strange as a Director of NZX Limited
- Neil Paviour-Smith is retiring as a Director of NZX Limited and is not seeking re-election.

The Board unanimously supports resolutions 1 to 4 and strongly recommends that you vote in favour of them at the meeting.

Resolution NOT supported by the Board (see explanatory note 3):

5. To elect Tony Falkenstein as a Director of NZX Limited

The Board strongly recommends that you vote against resolution 5, being a resolution seeking to appoint Tony Falkenstein as a Director of NZX Limited.

E. Other business

To consider any other business that may be properly brought before the meeting.

Each resolution above is considered to be an ordinary resolution and, to be passed, requires approval by a simple majority of votes of shareholders who are entitled to vote on the resolution and who exercise their right to vote.

All resolutions to be put to the meeting are discussed in the Explanatory Notes.

IMPORTANT INFORMATION

VOTING IN PERSON

You are entitled to vote at the Annual Meeting if you have a shareholding at 5.00pm on Wednesday 28 June 2017. If you are entitled to vote and wish to do so in person, you should attend the Annual Meeting. Please bring your Proxy Form with you to the meeting, as the barcode will assist with your registration.

A corporation may appoint a person to attend the meeting as its representative in the same manner as that in which it could appoint a proxy.

VOTING IN PROXY

A Proxy Form is included with this Notice of Annual Meeting which allows you to vote on the resolutions notified in this Notice of Annual Meeting.

Any shareholder of NZX who is entitled to attend and vote at the Annual Meeting, is entitled to appoint a proxy to attend the meeting and vote on his or her behalf. A proxy need not be a shareholder of NZX.

If you appoint a proxy, you may either direct your proxy how to vote for you, or you may give the proxy discretion to vote as he or she sees fit. If you wish to give your proxy discretion, then you should make the appropriate election, either online or on the Proxy Form, to grant your proxy that discretion.

You will be deemed to have given your proxy discretion if you do not make an election in relation to any of resolutions 1 to 5.

The Chairman of the meeting is willing to act as proxy for any shareholder who appoints him for that purpose. If you appoint the Chairman of the meeting as your proxy and do not direct the Chairman how to vote in the Proxy Form, the Chairman will vote in favour of resolutions 1 to 4 and against resolution 5.

If, in appointing your proxy, you do not name a person as your proxy (either online or on the Proxy Form that is lodged with Link Market Services), or your named proxy does not attend the meeting, the Chairman of the meeting will be your proxy and may **only** vote in accordance with your express direction.

To be valid, a completed Proxy Form must be returned by no later than 10.00am on Wednesday 28 June 2017. Any Proxy Form received after that time will not be valid for the meeting.

You may return your completed Proxy Form by delivering it to Link Market Services using one of the following methods:

- Online at <https://investorcentre.linkmarketservices.co.nz/voting/NZX> (please note you will need your CSN/holder number and FIN to log in)
 - Scan and email to meetings@linkmarketservices.co.nz (please use "NZX Proxy" as the subject of your email)
 - By mail to Link Market Services, PO Box 91976, Auckland 1142, New Zealand using the enclosed reply paid envelope
 - Fax to: +64 9 375 5990
 - By hand to Link Market Services, Level 11, Deloitte Centre, 80 Queen Street, Auckland 1010, New Zealand

QUESTIONS PRIOR TO ANNUAL MEETING

To encourage shareholder participation we invite shareholders who are unable to attend in person to submit questions ahead of the meeting. If you would like to submit a question you can do so online or using the enclosed proxy form.

Questions should be received by 10.00am on Wednesday 28 June 2017. The Board will address and answer questions at the meeting.

Copies of the Annual Meeting presentation materials will be published and available online shortly before the meeting begins.

By order of the Board,



HAMISH MACDONALD
Company Secretary

EXPLANATORY NOTES

RESOLUTIONS SUPPORTED BY THE BOARD

1. RESOLUTION 1: AUDITOR

KPMG is the current auditor of NZX. The Companies Act 1993 provides that a company's auditor is automatically reappointed unless the shareholders resolve to appoint a replacement auditor, or there is another reason for the auditor not to be reappointed.

Section 207S of the Companies Act 1993 further provides that the auditors' fees and expenses must be fixed by the Company, or in the manner that the Company determines at a shareholders' meeting.

Shareholders are being asked to resolve that the Board is authorised to fix the fees and expenses of KPMG for the 2017 financial year.

2. RESOLUTIONS 2, 3 & 4: ELECTION AND RE-ELECTION OF DIRECTORS

Pursuant to clause 25.2 of the Constitution and NZX Main Board Listing Rule 3.3.6, any person who is appointed as a Director by the Directors shall retire from office at the next Annual Meeting, but shall be eligible for election at that meeting.

Richard Bodman and Frank Aldridge retire in accordance with clause 25.2 of the Constitution. Both Directors offer themselves for election.

Pursuant to clause 26.1 of the Constitution and NZX Main Board Listing Rule 3.3.11, one-third of the Directors must retire by rotation at each Annual Meeting.

Neil Paviour-Smith and Patrick Strange retire in accordance with clause 26.2 of the Constitution. Dr Patrick Strange offers himself for re-election.

Frank Aldridge

Frank Aldridge was appointed to the Board in May 2017. Mr Aldridge is Managing Director of Craigs Investment Partners, which is partly owned by Deutsche Bank Group and is one of New Zealand's largest investment advisory and management firms with more than \$13 billion in funds under management. Craigs Investment Partners is a NZX market participant, and has a strong reputation for bringing a wide range of New Zealand companies to market.

Mr Aldridge joined Craigs Investment Partners in 1997 and held several positions at the company before being appointed as CEO in 2005. In addition to this, he is currently Chair of Australian-based Wilsons Advisory and Stockbroking, a former member and Chair of the New Zealand Securities Industries Association, and sits on several of Craigs Investment Partners' subsidiary Boards.

Mr Aldridge is an accredited NZX Adviser, Authorised Financial Adviser, and a Chartered Member of the Institute of Directors. He holds a Bachelor of Business Studies with a double major in economics and international business.

The Board has determined Mr Aldridge to be an independent director for the purposes of the NZX Main Board Listing Rules. Mr Aldridge also meets the requirements of NZX's 'fit and proper' policy.

Contribution to NZX Board skills matrix

In appointing Mr Aldridge, the Board were looking to replace the skills and experience which long-standing director Neil Paviour-Smith contributed to the Board. Neil will retire from the Board at the Annual Meeting after nearly 15 years of distinguished service to NZX.

This necessitated a director with extensive experience growing and leading a large financial services firm, and considerable experience raising equity capital in New Zealand. Under Mr Aldridge's leadership, Craigs Investment Partners has grown from a small regional firm to one of New Zealand's largest, and in recent years has expanded into Australia. It was also determined that the Board would benefit from a director with strong, strategic thinking skills, a sound understanding of the funds management sector, prior corporate governance experience, and entrepreneurial leadership skills. Mr Aldridge brings these skills to the board.

Richard Bodman

Richard Bodman was appointed to the Board in April 2017. Mr Bodman has spent more than 25 years working in the financial services sector. He brings extensive industry knowledge from the 17 years he served at FNZC (previously First NZ Capital) where he held several executive roles, including four years as Managing Director, Head of Compliance.

Prior to this Mr Bodman spent seven years as an inspector for the Securities & Futures Authority in London. Mr Bodman is an independent director of Forsyth Barr Custodians Limited and Forsyth Barr Cash Management Nominees Limited, and a member of the Governance Risk Compliance Institute and the Institute of Directors. He is a trustee of the Scots College Foundation. Mr Bodman has been a director of FNZC Securities, Harbour Asset Management and an NZX registered Compliance Manager.

Mr Bodman is a member of the Audit and Risk Committee, the Regulatory Governance Committee and the Conflicts Committee. He is also a member of the Board of wholly owned NZX subsidiary New Zealand Clearing and Depository Corporation Limited (NZCDC).

The Board has determined Mr Bodman to be an independent director for the purposes of the NZX Main Board Listing Rules. Mr Bodman also meets the requirements of NZX's 'fit and proper' policy.

Contribution to NZX Board skills matrix

In appointing Mr Bodman, the skills matrix and gap analysis identified that the Board needed a director with deep experience in clearing, capital markets and funds management. Maintaining sufficient governance experience to manage oversight of NZX's wholly owned subsidiary, NZCDC, is a key requirement of the Financial Markets Authority and Reserve Bank of New Zealand as joint regulators of the NZCDC settlement system, and a skill set that was previously provided by former director Alison Gerry. NZX's securities clearing activities are a vital component of the New Zealand financial system, and Mr Bodman's appointment ensured continuity in this role.

Dr Patrick Strange

BE (HONS), PHD

Dr Patrick Strange joined the Board in May 2015. Dr Strange has spent 30 years working as a senior executive and director in both private and listed companies, including more than six years as Chief Executive of Transpower, where he oversaw Transpower's \$3.8 billion of essential investment in the National Grid. Previously, he had also been Chief Executive of Vector.

Dr Strange holds a doctorate in civil engineering from the University of Auckland, and worked in increasingly senior roles in Europe and the USA before returning to New Zealand.

Dr Strange is Chair of Chorus and a director of Mercury (formerly Mighty River Power), Auckland International Airport and Essential Energy in Australia.

Dr Strange is a member of the Audit and Risk Committee. He is also a member of the Board of wholly owned NZX subsidiary NZCDC.

The Board has determined Dr Strange to be an independent director for the purposes of the NZX Main Board Listing Rules. Dr Strange also meets the requirements of NZX's 'fit and proper' policy.

Contribution to NZX Board skills matrix

The skills matrix and gap analysis identified that Dr Strange brings to the Board the benefits of many years' experience as a Chief Executive. In addition to this, Dr Strange has specific industry knowledge of New Zealand's energy market, which is an important and profitable part of NZX's business, as well as the agricultural sector, which represents a key growth opportunity for NZX's Markets business through its suite of dairy derivatives products. Coupled with this, Dr Strange is a very experienced company director, and has gained extensive governance experience with several of New Zealand's largest listed companies.

RESOLUTION NOT SUPPORTED BY THE BOARD

3. RESOLUTION 5: ELECTION OF DIRECTOR

Tony Falkenstein

Tony Falkenstein has nominated himself for appointment as a director and has provided the biographical details outlined below.

Mr Falkenstein ONZM is the Founder and Executive Chairman of Just Water International Ltd. He was instrumental in launching New Zealand's first Business High School, resulting in 'business' being added into the New Zealand curriculum.

Mr Falkenstein was inducted into the New Zealand Business Hall of Fame in 2008, and in 2010 was appointed as an Officer of the New Zealand Order of Merit (ONZM). In 2012 Mr Falkenstein received the Award for New Thinking in the World Class New Zealand Awards, in 2013 he was appointed a Distinguished Alumni of the University of Auckland, and in 2014 he received the Alpha, Beta, Gamma distinction.

On the basis of information provided by Mr Falkenstein, the Board has determined that if elected, Mr Falkenstein would be an Independent Director for the purposes of the NZX Main Board Listing Rules.

Contribution to NZX Board skills matrix

Propero Consulting interviewed Mr Falkenstein in order to formally assess his credentials against the skills matrix and gap analysis used in recent NZX director appointments. While it was recognised that Mr Falkenstein would bring to the Board entrepreneurial skills and experience in the small listed company sector, his skills overlap with those of existing directors and are focused on an important but small part of NZX's wider business. The Board is of the view that other candidates would bring diversity and a wider range of skills to the Board, particularly in the areas of capital raising, funds management and clearing, where Mr Falkenstein has limited experience.

The Board conducts appropriate 'fit and proper' checks to ensure prospective candidates' character, capability, references and conduct are appropriate to govern NZX. This ensures appropriate vetting of potential candidates, which has not been possible in relation to Mr Falkenstein in the available timeframe.

For these reasons, the Board does **NOT** support the election of Mr Falkenstein as a director and strongly recommends that shareholders vote against resolution 5.